

BUDGETING

Budgets for [REDACTED] are set annually. The Board of Directors defines [REDACTED] broad goals and mission and decides on annual objectives. The Board reviews actual versus budget performance at least quarterly. Budget variances will be explained along with any recommendations for corrective action as required. Changes and revisions to the budget during the year are made by the Finance Committee. The Finance Committee will determine if the changes are material enough to warrant Board approval.

[REDACTED] will:

- Plan the scope and level of [REDACTED] activities with sufficient funds earmarked for all goals, policies, or projects approved by the Board of Directors.
- Estimate sources of revenues for all entities for the appropriate time periods.
- Estimate the use of funds for all entities for the appropriate time periods and specify how services are to be provided and where they are applied or used.
- Prepare a list of all assumptions used in the budget preparation. Prepare a narrative support statement for each budget line item.
- Obtain approval by the Board of Directors.

The School Director and appropriate staff will establish guidelines, priorities, and assumptions for preparation of the budget. These assumptions will be communicated to all Program Managers. In addition, procedures and budgeting formats are established and a timetable is developed.

Preparation and Approval of the Budget

All Program Managers, in consultation with the School Director and other appropriate staff, will prepare their projections of revenues and expenditures for planned services, projects and programs. The School Director and appropriate staff will develop budgets for accounts that are not overseen by a Program Manager. The staff members responsible for the budget preparation will consider historical data along with future growth plans. They will also factor in any shifts or adjustments to staffing levels along with the related fringe benefits.

The School Director then prepares a consolidated budget proposal. The budget proposal is submitted to the Finance Committee in time for reasonable approval by the Board of Directors prior to the beginning of the new fiscal year. The Board of Directors approves the annual budget at the June board meeting. The School Director is responsible for ensuring materials are provided to the Finance Committee in a timely manner that will allow for Board review and approval by June.

Based on monitoring efforts and events having occurred during the year, budget revisions should be initiated and reviewed by School Director. The School Director communicates recommended budget revisions to the Finance Committee. The Finance Committee will determine if the changes are material enough to warrant Board approval.

Once the budget is approved, it is up to the appropriate management to implement the budget plan. The Accounting Vendor will prepare and submit monthly variance reports to the Finance Committee and Board of Directors. Explanations of variances will accompany the analysis.

Third Party Contracts

Independent Contractors

It is the policy of [REDACTED] to evaluate criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued, by [REDACTED], IRS Form 1099 if compensation is \$600.00 or more if they are other than a corporation.

A. The procedure for hiring a consultant is to prepare a contractual agreement detailing the following items:

- Detailed description of services or tasks to be performed and description of deliverables.
- The time frame in which these services/duties are to be completed.
- The rate of pay.
- When payment will be made.
- What expenses will be reimbursed.

The following State Language will be included in every contract:

No indebtedness of any kind shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

B. The contract shall be signed by the consultant, the School Director and the Program Manager if relevant.

C. Members of the Board of Directors or committees of [REDACTED] may not enter into a contract with a consultant on behalf of [REDACTED].

D. The contract must have a payee identification number (Social Security Number or Employer Identification Number), phone number and home address of the consultant.

E. If services are extended beyond the contract's time frame or additional money is required, a new contract or an addendum must be written.

Contracts and Authority

It is the policy of [REDACTED] to grant authority to sign contracts and grant agreements to the School Director for activities that have been approved by the Board of Directors as part of the annual approved budget. The Board must authorize any contracts outside these parameters. All contracts with financial value greater than \$5,000 require Board approval.

Access to Funding

PETTY CASH FUND

- A. [REDACTED] will maintain a petty cash fund of \$500.00 on an impressed basis. The petty cash fund should never exceed this approved amount.
- B. It is the responsibility of the Office Manager to ensure that the petty cash fund is under lock and key at all times. The Office Manager is the custodian of the fund.
- C. Disbursements from the petty cash fund are available for expenditures totaling under \$20.00 unless approved by the School Director and may only be made for approved expenditures.
- D. An original receipt must accompany every disbursement.
- E. The person receiving the cash and the person disbursing the cash must sign a petty cash voucher in ink.
- F. The petty cash fund will be replenished as needed but at a minimum of once a month. The petty cash replenishment check will be made out to the individual with the word "custodian" following the individual's name.
- G. The Office Manager will review the expenses for reasonability.
- H. Cashing checks for employees from the petty cash fund is prohibited.
- I. The Office Manager in the presence of designated personnel shall make periodic counts of the petty cash fund.
- L. A single disbursement from petty cash shall never exceed \$50.
- M. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Office Manager shall total out the expenses made and identify those expenses by general ledger account number. Any check request submitted for payment should indicate the total amount needed to bring the fund back up to \$500.00. Also, the check request should breakdown the various expense accounts being charged and the amount charged to each.
- N. When a request for petty cash reimbursement is made to the Office Manager, the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount.
- O. The recipient of the petty cash funds must sign the Reconciliation Sheet to indicate receipt of the funds. The paid receipt should be attached to the sheet. All paid information should remain in the locked petty cash box until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request voucher.
- P. The petty cash box is to be locked at all times when the Office Manager is not disbursing or replenishing the fund. The locked petty cash box is to be kept in the locked file cabinets within the finance/business office.
- Q. At least once annually, the School Director should conduct a surprise review of the fund. When this is done, he/she should count, while the Office Manager is in attendance, the total monies on hand and the total amount of receipts in the petty cash box. The two amounts should equal exactly \$500.00. Any discrepancies should be discussed and resolved immediately.
- R. It is a policy of [REDACTED] not to cash checks of any kind through the petty cash fund.
- S. [REDACTED] postage should not be used for personal mailings under any circumstances. Staff may use the UPS service provided they indicate that the mailing is personal and reimburse [REDACTED] at the time the appropriate invoice is paid.

ANNUAL FINANCIAL AUDIT PREPARATION

The Board of Directors, School Director, and the Accounting Vendor are responsible for preparation of all financial audits, audit procedures, and audit requirements adopted by the State Board of Education for charter schools.

- A. All financial audit preparation and reporting should be done in full compliance with the State Board of Education and the Uniform Education Reporting System.
- B. All documented audit deficiencies should be reported in writing to the Board of Directors with a time line to cure all financial weaknesses.
- C. All audit report findings should be included in the monthly board meeting minutes.

Purchasing

CASH DISBURSEMENTS PROCEDURES

A. All requests for check disbursements are written in ink on a payment request form with the following information:

- Name of payee and address
- Payment amount and reason for payment
- Signature of the School Director as approval
- Signature of Program Manager or necessary authorizer

B. The payment request form should be completed by the purchasing staff person and attached to the original vendor invoice along with any supporting documentation. The request form should include the account codes to which the expense will be applied. Approval for an expense by the School Director must be indicated on the payment request form.

C. After inputting all the check requests, the Business Manager or Office Manager will prepare a master list of all checks to be paid for approval by the School Director or Designated Board Member. If there are any questions or concerns about the amounts, the Business Manager or Office Manager should provide necessary information prior to forwarding disbursement requests to the Accounting Vendor. If there are any items removed from the batch, the totals on the payment summary form should be corrected, initialed and dated by the School Director.

D. On a twice-monthly basis, all approved check disbursements are prepared by the Accounting Vendor and forwarded to the School Director for signature by authorized [REDACTED] official (see Check Signers for appropriate signature) for expenses, debts and liabilities of [REDACTED]. The Accounting Vendor is responsible for the preparation of check disbursements unless the item is considered a petty cash item which will be handled by the Business Manager or Office Manager.

E. While the School Director or Board designee signs each check, he/she should double check the check request voucher. This approval is to ensure the account and grant/project is charged to the correct expense and line item.

F. After the checks have been signed, the Office Manager reviews the check, cancels the invoice by stamping PAID on it in red ink, and processes the check for mailing. All checks will be mailed as soon as this process is completed. The Office Manager then files supporting documentation, including stubs of checks, corresponding invoice documentation and completed payment request forms, in the appropriate vendor file.

G. Once monthly, the Business Manager or Office Manager will check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, the Business Manager or Office Manager will investigate the nonpayment of these invoices with the responsible staff member.

H. Cash disbursements shall be released at the latest acceptable time, without affecting relationships with vendors. Early payment discounts shall be taken if they result in benefit.

CREDIT CARD PURCHASES

[REDACTED] will maintain a corporate credit card. The School Director will carry a copy of the Corporate Card. No credit cards will be issued in the name of any employee or board member of [REDACTED]. All points or rewards earned through purchases made via the corporate credit card will accrue to [REDACTED]. The purchase of airline tickets and other authorized business expenditures may be made by other employees or board members using the corporate credit card. *In every case of credit card usage, the individual charging a [REDACTED] account will be held personally responsible in the event that the charge is deemed personal or unauthorized.*

Federal Funds

GRANTS

██████████ will accept and process unrestricted gifts and gifts for specific programs and purposes according to its Gift acceptance policies and guidelines (including appendices).

Grant Management

Grant management consists of monitoring a grant to ensure that the criteria set by contract or grant agreement is being met, and that activities are in compliance with the requirements of the agreement.

A. The School Director and a grant or contract manager, if applicable, shall be responsible for all of the grant requirements including, but not limited to the following requirements.

- Guidelines of the work to be done.
- The timetable for completion of the project.
- How the funds are permitted to be spent.
- Report filing requirements and due dates.

When it is determined that a project will not be completed within the period of availability, the Program Manager and the School Director shall be responsible for submitting a written request for an extension. This request shall be approved by the School Director prior to sending it to the grantor. Any correspondence relating to the extension requests must be maintained by the project manager for future reference. Once approval is received in writing, the School Director shall be notified as to the extension approval. If an extension is denied the School Director shall be notified in order that they may take appropriate action. No expenses are permitted to be incurred subsequent to the lapse date of the contract until extension approval is received in writing.

Report filing requirements will be the responsibility of the School Director and Program Managers. Once a grant is approved, the Manager shall note the filing deadlines for both narrative and financial reports. Program managers shall maintain a copy of all reports submitted for future reference. Financial reports shall be derived from the monthly financial statements.

Federal Grant Management

Program Managers of grants provided by federal funds shall be responsible for assuring compliance with the requirements of each of the regulations enumerated in OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," as well as the specific requirements contained in the grant agreements.